

Cannabis Regulation

Decision Context

Intoxicating cannabinoid products already exist in commerce in North Carolina through unregulated or partially regulated markets. Therefore, the Council's policy decisions are not about whether intoxicating cannabinoid products are sold commercially in North Carolina, but **whether these products remain outside state oversight or are subject to meaningful, enforceable regulatory standards.**

Decision 1: What is being regulated?

Consumers experience intoxication based on specific cannabinoids, not on the plant's legal classification. Separate regulatory systems for hemp-derived and marijuana-derived THC can result in inconsistent rules for products with similar psychoactive effects, complicating enforcement and compliance. **Molecule-based ("effect-based") regulation aligns enforcement authority with actual public safety risk.**

OPTION	IMPACT
1. Plant-Based (Hemp vs. Marijuana)	There are separate frameworks for hemp and marijuana. Rules are different for chemically similar products, creating regulatory loopholes. Inconsistent standards complicate enforcement, testing, labeling and compliance.
2. Molecule-Based (THC Content)	A unified framework is based on intoxicating THC content. Rules are aligned with intoxicating effect, enforcement standards are clearer, and there are fewer regulatory loopholes.

Molecule-based regulation reduces loopholes and inconsistency.



RECOMMENDATION

Decision 2: What level of market access best serves North Carolina?

The policy choice is not **"legal vs. prohibited,"** but **"regulated vs. unregulated."** Market access models reflect different levels of state oversight, and each has different administrative and other consequences.

OPTION	IMPACT
1. Prohibition	Bans or restricts the production, sale, possession and use of cannabis
2. Decriminalization	Reduces or eliminates criminal penalties for possession of small amounts of cannabis
3. Medical Access	A certification from a health practitioner allows the use of cannabis products for the treatment of symptoms of specific qualifying health conditions
4. Adult Access	Individuals over a minimum age may purchase, possess and consume cannabis
5. Adult Access with Medical Protections	A single regulated adult access market includes enhanced industry standards and protections for medical cannabis consumers

Adult Access with Medical Protections provides the strongest framework for public safety, regulatory clarity, and effective enforcement.



RECOMMENDATION

Market Access Models Compared

CRITERIA	PROHIBITION	DECriminalIZATION	MEDICAL ACCESS	ADULT ACCESS
State Oversight of Production & Sales	None	None	Limited	Comprehensive
Product Testing & Safety Standards	No	No	Yes (medical only)	Yes
Potency & Labeling Requirements	No	No	Yes	Yes
Age-Restricted Lawful Sales	No	No	Yes (patients)	Yes
Supply-Chain Traceability	None	None	Partial	Full
Inspection Authority	None	None	Limited	Full
License Suspension/Revocation	N/A	N/A	Yes	Yes
Product Recall Authority	No	No	Limited	Yes
Youth Access Controls	None	None	Limited	Strong
Illicit Market Presence	High	High	Moderate-High	Reduced
Primary Enforcement Focus	Arrest & seizure	Reduced possession penalties	Mixed	Compliance & oversight
Regulatory Clarity for Law Enforcement	Low	Low	Moderate	High

Enforcement Impact

UNREGULATED MODELS (Prohibition and Decriminalization)

- No licenses to suspend or revoke
- No inspections or audits
- No recalls for unsafe products
- Enforcement occurs after harm
- Limited leverage beyond seizure or arrest
- Limited youth access controls

Prohibition relies on reactive enforcement.

REGULATED MODELS (Medical and Adult Access)

- Identifiable operators and locations
- Preventive inspections, audits and compliance tools
- Clear violations tied to penalties
- Track-and-trace tools reduce diversion and youth access
- Focus shifts from possession to compliance

Regulation provides proactive enforcement tools.

FAQs

DOES REGULATION INCREASE ACCESS OR USE? Regulation does not create demand. Demand already exists. Regulation determines who supplies that demand and under what rules. Regulation also doesn't expand access – it replaces uncertainty with enforceable rules that can limit access through statute and ordinance. Licensing, testing, labeling and traceability transform a public safety problem into a compliance focus.

WILL THIS MAKE ENFORCEMENT HARDER? Unregulated markets are harder to police. Regulation creates identifiable actors, fixed locations, records, and standards, simplifying enforcement. Licensed operators can be inspected, sanctioned, suspended or closed down – tools unavailable in illicit markets.

WHY NOT JUST STRENGTHEN ENFORCEMENT UNDER PROHIBITION? Prohibition does not eliminate use – it eliminates oversight and creates criminal records. Even strong enforcement cannot impose safety standards on illegal products. Illicit operators cannot be inspected, licensed, or compelled to comply.

IS DECRIMINALIZATION ENOUGH? Decriminalization without regulation reduces criminal penalties for possession but leaves all safety risks intact, including contaminated products, unknown potency, and lack of youth access controls.

IS AN ILLICIT MARKET A SIGN OF FAILURE? Illicit markets are a predictable outcome of prohibition, not a failure of enforcement. As long as demand exists, unregulated suppliers will fill the gap. Policy design affects whether illicit activity expands or contracts.



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